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Massachusetts Business Incentives

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Creating
A Better Economic
Climate

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Massachusetts – The Improving Business Climate

There's a bold new thrust to business incentives in Massachusetts. More laws have been passed to encourage business in Massachusetts in the past few years than in the entire previous history of the Commonwealth.

New legislation provides assistance on many fronts...incentives to create new jobs...incentives to modernize plant and equipment...incentives to solve pollution problems...incentives to develop jobs in selected urban areas...additional financing tools, as well as tax reductions for resident companies.

It isn't an answer to all the needs of industry. Substantial new legislation is under consideration. But, most important, things are happening in Massachusetts!

As a result of the improving business climate in Massachusetts, we believe that you should take another look. This brochure is designed to help you take that look.

Survey of New Opportunities

Here is a quick look at the most important measures undertaken by state government to make it more profitable for business to locate, remain, or expand in Massachusetts.

- **Investment Credit**

A 3% tax credit for investment in new or expanded manufacturing and R&D facilities including building, machinery and equipment for taxable years 1972 through 1977. This credit also covers tangible property rented or leased from business development corporations.

- **Employment Opportunity Incentive**

\$500 credit for each additional job created in manufacturing and R&D above a normal growth factor under certain conditions for taxable years 1973-1977.

- **Urban Job Incentive**

Up to 47% reduction of local property taxes plus an additional 25% payroll deduction of eligible payroll for new and expanded manufacturing, R&D and warehousing facilities located in certain areas within the state for up to ten years of operation.

- **Training Assistance Program**

All companies creating new jobs in Massachusetts are eligible for a free, all expenses paid employee training program under most conditions.

- **Loss Carry-Over**

Losses sustained by any new corporation in the first five years of operation may be carried forward for tax purposes.

- **Payroll Factor Incentive**

Growth Incentive: For tax purposes, allocated payroll remains at 1972 levels plus a five percent growth per year or 75 percent of actual payroll, whichever is greater. This reduces future tax liability for manufacturing and R&D corporations.

Location Incentive: Corporations with concentrated assets and payrolls in Massachusetts receive an added tax advantage through a change in the factor allocation formula.

- **Pollution Control Assistance**

Financial assistance and tax relief is available for resolving pollution abatement problems. These measures include local property tax exemption, tax exempt industrial bond financing, and optional liberal depreciation or deduction of expenditures or three percent investment tax credit.

- **Tax Exempt Industrial Revenue Bonds**

Low cost bond financing available for industrial development projects up to \$5 million.

- **Massachusetts Business Development Corporation**

An extremely valuable service to the business community as a secondary source of capital, complementing Massachusetts' excellent financial service structure.

- **Sales Tax Exemption**

Machinery and replacement parts, materials, tools, and fuel are exempt from state sales tax.

- **Local Property Tax Exemption**

Tangible property consisting of inventory, machinery and equipment for manufacturing corporations, and of inventory and equipment for non-manufacturing corporations is exempt from local property taxes.

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3% Investment Tax Credit

Through this measure, Massachusetts offers the highest investment tax credit of any state in the nation.

Manufacturing and R&D corporations are allowed to credit against their state excise tax liability three percent of the cost of depreciable real and tangible personal property purchased during the year which is used and situated in Massachusetts. Such property includes:

- Buildings and structures
- Machinery
- Equipment

The credit goes beyond the federal investment tax credit in allowing the inclusion of buildings and used property without limitation. Also covered is tangible property rented or leased from local and regional business development corporations.

This important incentive, originally legislated in 1972 for a two year period, was extended in 1973 for taxable years 1973 through 1977.

Significance:

- Massachusetts is the only state with a three percent investment tax credit, the highest in the nation.
- Massachusetts encourages capital investment and modernization of the state's industrial base.
- Massachusetts is strongly committed to its prime economic base manufacturing and R&D.
- Buildings and used property are also covered by this credit.

Example: 3% Investment Tax Credit

The following illustrates an application of the 3% Investment Tax Credit for an assumed manufacturing corporation (see page 12).

Expansion or new corporation \$2,000,000

Land	\$ 200,000
Building	\$ 800,000
Machinery and equipment	\$1,000,000

3% investment tax credit on building,
machinery and equipment

$\$1,800,000 = \$54,000$ Total tax credit

Existing corporation		
	with expansion	New corporation

Total Massachusetts excise tax liability	\$262,270	\$98,050
Minus 3% investment tax credit	\$ 54,000	\$54,000
Adjusted tax liability	\$208,270	\$44,050
% reduction	20.6%	55.1%

Local Tax Exemption on Tangible Property and Net Worth

Massachusetts law exempts tangible property of manufacturing corporations from taxation by municipalities. This exemption includes machinery, equipment, inventory and goods in process.

Non-manufacturing corporations are also exempt from local taxation of inventory equipment and goods in process.*

Significance:

- Massachusetts has a competitive advantage over many other states which tax tangible property locally or on the state level.

*All such property or net worth is subject to a tax at the state level of \$2.60 per \$1,000 of valuation.

Payroll Factor Incentives

Growth Incentive:

This incentive constitutes yet another new approach to encourage expansion of employment in Massachusetts for manufacturing and R&D corporations.

This is accomplished within the factor allocation formula by virtually eliminating increases in tax liability as a direct result of employment increases.

Massachusetts, along with many other states, allocates net income of multi-state corporations for the purposes of taxation by the factor allocation formula which includes (1) sales, (2) payroll, and (3) property. Increases in any of the three factors will result in an increase of allocated net income. An increase in allocated net income means an increase in state tax liability.

A 1973 statute establishes a ceiling on the amount allocated to the payroll factor. The ceiling is set at 1972 payroll levels plus five percent of annual growth

to allow for normal wage increases or 75 percent of actual payroll, whichever is greater. This means Massachusetts has established a ceiling beyond which payrolls are not counted for purposes of taxation. The maximum share of exempted payroll is 25 percent. Hence the tax liability can be reduced as much as 10 percent.

Significance:

- Massachusetts is the only state with this incentive.
- Massachusetts stands alone in virtually eliminating increases in tax liability as a direct result of employment increases.
- Payrolls not allocated for tax purposes in Massachusetts escape taxation in any state.
- This incentive can reduce the corporation tax liability of a growing or new corporation by up to 10%.
- A new corporation's allocated payroll starts with 75% of the actual payroll.

Example: Payroll Factor Incentives

Growth Incentive:

The following illustrates an application of the payroll factor incentive for an assumed manufacturing corporation (see page 12).

Existing corporation without major expansion:

Taxable Year	1972	1973	1974	1975	1976	1977
Actual Payroll	\$4,750,000	\$5,500,000	\$6,352,500	\$ 7,276,800	\$ 7,513,060	\$ 8,156,310
Normal Growth Ceiling		4,987,500	5,236,875	5,498,719	5,773,655	(6,062,338)
or						
75% Payroll Ceiling (if greater)		(4,125,000)	(4,764,376)	(5,457,600)	(5,634,795)	6,117,233
% Reduction of Allocated Payroll		9.3%	17.6%	24.4%	23.1%	25.0%

Amounts in () indicate figures not applicable.

Existing corporation with major expansion:

Taxable Year	1972	1973	1974	1975	1976	1977
Actual Payroll	\$4,750,000	\$8,500,000	\$9,607,500	\$10,474,050	\$11,217,380	\$12,157,460
75% Payroll Ceiling*		6,375,000	7,205,625	7,855,538	8,413,035	9,118,095
% Reduction of Allocated Payroll		25%	25%	25%	25%	25%

* Only the 75% Payroll Ceiling applies.

Location Incentive:

This incentive further reduces the tax liability of multi-state corporations whose facilities and employment are concentrated in Massachusetts.

A 1975 statute increases the weight of the sales factor by 50% for taxable year 1976 and by 100% for taxable year 1977 and thereafter. As a result, resident corporations will receive automatic tax reductions as well as a lower tax liability when they expand in Massachusetts.

Significance:

- Massachusetts is one of three states with this incentive.
- Massachusetts recognizes the value of resident industries.
- Resident companies are rewarded for in-state expansions.
- Tax liability may be reduced by over 30%.
- This incentive benefits all corporations.

Taxable Year	1975	1976	1977
Assumed Massachusetts Shares (% in Massachusetts)			
Assets	60%	60%	60%
Payrolls	60%	60%	60%
Sales	3%	4.5% ($3\% \times 1.5$)	6% ($3\% \times 2$)
Total	123 ($\div 3$)	124.5 ($\div 3.5$)	126 ($\div 4$)
Allocated Net Income	41%	35.6%	31.5%
% Reduction of 1975 Allocated Net Income		13.2%	23.2%

Sales Tax Exemption of Machinery

Machinery and replacement parts, materials, tools and fuels used directly and exclusively in an industrial plant in the actual manufacture, conversion or processing of tangible personal property to be sold are exempt from the sales or use tax.

Significance:

- Manufacturing corporations do not pay sales or use tax on machinery and replacement parts.
- Massachusetts is one of the few states with this incentive.

Loss Carry-Over for New Corporations

In an effort to support and encourage new business, Massachusetts now allows new corporations (domestic or foreign) to carry forward any losses they sustain during their first five years of operation.

Significance:

- For the first time in Massachusetts history, new corporations are allowed to carry forward losses sustained during their first five start-up years.
- Massachusetts facilitates the survival of new start-up corporations.
- Massachusetts is one of the few states which offer a loss carry-over provision.

Employment Opportunity Incentive

This incentive provides for a \$500 credit against the corporation excise tax liability for every new full-time job created in Massachusetts by manufacturing and R&D corporations during taxable years 1973 through 1977 under certain conditions.

1. For the number of credits claimed by the corporation, the corporation has to demonstrate that an equal number of employees originated from a restricted, eligible pool of persons as defined below who either (1) were hired during the taxable year or (2) for taxable years 1973 through 1977 were retained from prior taxable years starting 1973.
2. An existing corporation must grow more than three percent per year in total employment above base year employment 1972 before credits can be claimed.

The maximum number of credits will be determined by the excess of full-time employees during the taxable year above the following number:

Full-time employees in the base taxable year 1972 times 1.03, 1.06, 1.09, 1.12, 1.15, for the five respective taxable years following the base taxable year 1972.

3. A new corporation can claim this credit over the 1973-77 taxable period up to a maximum number for each taxable year as determined by the following formulae:

Taxable Year	Maximum Number of Credits
First year	100% of full-time employees
Second year	Second year full-time employees less 20% of first year full-time employees
Third year	Third year full-time employees less 40% of first year full-time employees
Fourth year	Fourth year full-time employees less 60% of first year full-time employees
Fifth year	Fifth year full-time employees less 80% of first year full-time employees

The eligible pool consists of employees hired directly from unemployment compensation, approved public or private rehabilitation programs and public assistance programs. Starting with taxable year 1974, the eligible pool also includes employees who participated in company training programs approved by the Secretary of Manpower Affairs, and training programs approved by the Secretary of Communities and Development and were hired during or after taxable year 1974.

Significance:

- Massachusetts rewards above average employment growth.
- Massachusetts is the only state with this incentive.
- Massachusetts assists in training of new employees from certain employment pools.
- Massachusetts offers this credit in addition to the 3% investment tax credit.
- This unique incentive demonstrates how Massachusetts responds to unique employment challenges.

Example: Employment Opportunity Incentive

Assumption: Corporation is eligible for maximum credits

For existing corporation without major expansion

Taxable Year	1972	1973	1974	1975	1976	1977
Employees	500	550	600	590	610	650
Normal Growth		515	530	545	560	575
Maximum Credits		35	70	45	50	75
Credits (\$)		\$17,500	\$35,000	\$22,500	\$25,000	\$37,500

Total credits for 5 years – \$137,500

For new corporation

Taxable Year	1st year	2nd year	3rd year	4th year	5th year
Employees	300	310	290	320	330
Maximum Credits	300	250	170	140	90
Credits (\$)	\$150,000	\$125,000	\$85,000	\$70,000	\$45,000

Total credits for 5 years – \$475,000

Urban Job Incentive

This incentive program encourages the location of industrial activities in urban areas by reducing a corporation's state and local tax burden. A corporation engaged in manufacturing, R&D or warehousing locating or expanding in certain areas in Massachusetts, receives two types of incentives for a maximum of ten years.

1. Property Tax Credit

The corporation may take a property tax credit against its state excise tax liability. The amount of the credit equals the positive differential between the equalized property tax rate of the city or town in which the facility or plant is located and the state's overall equalized property tax rate per \$1,000 of assessed valuation.

2. Payroll Deduction of 25 percent

The corporation is allowed to deduct an additional 25 percent of the compensation paid to employees living in eligible areas within the Commonwealth.

The corporation may choose between the payroll deduction and the \$500 Employment Opportunity Incentive.

To be eligible, the facility must be at a new location or be a separate expansion of an existing facility and must be located in or contiguous to certain areas of unemployment or underemployment. In addition, the business located at the facility must employ at least 20 percent of its employees from certain areas of unemployment or underemployment and must have a training program certified by the Urban Job Incentive Bureau. The facility may be owned or leased by the corporation.

Significance:

- Massachusetts provides an additional incentive for hiring workers from low-income areas.
- Massachusetts encourages industrial development in and contiguous to depressed areas.
- Massachusetts offers a credit which can equal a 47% local property tax abatement.
- Unlike other states, Massachusetts offers this credit in addition to the investment tax credit.

Example: Urban Job Incentive

The following illustrates an application of the Urban Job Incentive for an assumed manufacturing corporation (see page 12).

Expansion or new corporation

Land	\$ 200,000
Building	\$ 800,000
Machinery and equipment	\$1,000,000
Employees	300
Payroll	\$3,000,000

Assume 40% of employees eligible for payroll deduction.

Property Credit: Expansion in Boston

Land and building	\$1,000,000
Likely valuation for tax	\$ 200,000
Property tax rate	\$196.70/\$1,000
Property tax	\$ 39,340
Boston equalized valuation	\$134.94/\$1,000
Massachusetts equalized tax rate	\$ 42.42/\$1,000
Differential for credit	\$ 92.52/\$1,000

Equalized tax differential x
assessed valuation = property credit
 $(\$92.54/\$1,000) \times (\$200,000) = \$18,508$

Property tax	\$39,340
Property tax after credit	\$20,832
UJI property credit	\$18,508 (equals 47% of property tax)

Payroll Deduction:

Eligible payroll	\$1,200,000
Payroll deduction:	25% of eligible payroll (\$1.2 million) = \$300,000
Effective credit:	9.5% of \$300,000 = \$28,500

Total Urban Job Incentive Credit:

For first year: \$47,008

Credit continues for 10 years

Effect on assumed manufacturing corporation with expansion in Boston:

Total Massachusetts excise tax liability	\$262,270
– UJI credit	47,008
– 3% investment tax credit*	54,000
Adjusted tax liability	\$161,262
% reduction	39%

*Corporation is automatically eligible for the 3% investment tax credit for the expansion.

Training Assistance Program

Recognizing the present needs of both resident employers and the state's workforce, Massachusetts has created an innovative training assistance program which enables expanding companies to specify and control individualized training programs without incurring costs or risks on their own.

With a minimum of 10 skilled jobs per program, this new approach to training provides for specialized training by outside specialists in almost any skill an employer may require for his continued growth within the Commonwealth. Training programs may be conducted in any of the state's vocational and training facilities or in-house as may be necessary. Working with a contractor, the employer has full control at every step of the training program. Trainees are selected from all segments of the state's unemployed population at the discretion of the employer.

Significance:

- Training assistance is available at no cost.
- Employers have outside training specialists at their control.
- In-state growth is accommodated.

Tax Exempt Industrial Bond Financing

This important form of industrial financing assistance has worked successfully in the state since 1967. It offers 100% low interest financing of manufacturing and related warehousing facilities through the sale of tax exempt municipal revenue bonds. Interest rates on such bonds average between one and two percent below the prevailing prime rate. The maturity of the bond issues can be up to fifty years. Federal regulations limit the size of a tax exempt bond issue for a single industrial project to \$5 million.

One hundred ten communities within the Commonwealth have established an Economic Development and Industrial Corporation or Industrial Development Financing Authority through which industrial revenue bonds may be sold. More will be established. Forty-seven issues with a total amount of \$104.9 million investment have been financed through Industrial Revenue Bonds.

New legislation enacted in 1972 authorizes communities to finance pollution abatement and solid waste facilities through the sale of industrial bonds in unlimited amounts. In addition, communities may borrow outside their debt limits to make loans or grants to local development commissions and finance authorities. They may also pledge their full faith and credit to help marketing of general obligation bonds of development commissions or finance authorities.

Significance:

- Massachusetts provides 100% low cost, tax free bond financing up to \$5 million per industrial project.
- Massachusetts provides extensive financial leverage for its municipalities to aid industrial development in their local areas.
- Massachusetts has no limit for bonds issued for the purpose of financing pollution abatement facilities.

Pollution Control Assistance

In recent years, many federal and state laws were passed for the purpose of improving or retaining certain desirable levels of quality of our environment. These laws force our industries to make substantial investments. The pressures on financial resources will continue for many years.

In recognizing the financial hardship on its resident industries, Massachusetts has legislated several measures which are designed to ease the financial burden to its industries.

In addition to tax exemption, resident industries have several other optional incentives available to them which may be geared to their particular needs in respect to pollution abatement facilities financing.

Tax Exemptions

Eligible industrial waste treatment or air pollution control facilities are exempt from local property taxes. In addition, any industrial waste treatment or air pollution control facility which qualifies as a deduction from net income is excluded from the tangible property base of corporation excise tax.

Financing

Industrial Revenue Bonds are available for financing industrial waste treatment, air pollution or solid waste facilities. In addition, communities may pledge their full faith and credit or borrow outside their debt limit for the purpose of aiding their resident industries.

Significance:

- Massachusetts provides 100% low cost, tax-free bond financing for facilities to solve pollution control problems.
- Massachusetts provides extensive financial leverages for its municipalities to aid industries in solving pollution problems.

Massachusetts Business Development Corporation

With this corporation, Massachusetts created a vital instrument for the secondary financing market.

Massachusetts Business Development Corporation (MBDC) was established in 1953 by legislation as a private corporation to provide funds for industrial growth and expansion of employment in the Commonwealth. The corporation makes its loans only to borrowers who are not able to obtain the financing they need from conventional lenders. Its loans are medium or long-term and generally in secondary position to other financing.

MBDC participates with conventional lenders to make available an essential part of a lending package otherwise not available. It provides up to 100% financing to small and medium size corporations who cannot obtain financing from conventional channels and accepts collateral of a kind and character not normally acceptable to conventional lenders.

Thus MBDC provides an extremely valuable service to the business community as a secondary source of capital complementing Massachusetts' excellent financial service structure.

Significance:

- Massachusetts provides a secondary capital market.
- Massachusetts offers up to 100% financing for qualified borrowers who cannot obtain conventional financing.
- Collateral can be used which normally is not acceptable to conventional lenders.
- Massachusetts provides guidance and expertise for small and medium size corporations seeking financing.

Massachusetts Industrial Mortgage Insurance Agency (MIMIA)

The Massachusetts Industrial Mortgage Insurance Agency is a new financial assistance agency of the Commonwealth. MIMIA is empowered to provide insurance on loans to industries which need financing for the acquisition, construction, or alteration of industrial enterprises, including machinery and equipment. By law, any project insured must be secured by a first mortgage on real and/or personal property and must provide primary employment.

If a firm's application is approved by the MIMIA Board of Directors, the company can obtain mortgage insurance for up to 90% of the cost of land or plant on a mortgage with a maturity up to 30 years, and 80% for machinery and equipment costs with a maximum mortgage maturity of up to 15 years. In return for the insurance, the company pays an annual premium fee. The availability of mortgage insurance enables a company to obtain debt from a conventional lender.

Passed and funded by the Legislature, MIMIA will be operational by fall, 1976.

Massachusetts Community Development Finance Corporation (CDFC)

Signed into law in January, 1976, the Community Development Finance Corporation is designed to provide front end capital to businesses in order to create and retain jobs and tax revenues in the Commonwealth. CDFC is targeted towards those geographic areas where economic conditions are most severe and equity and flexible debt to stimulate the economy are in shortest supply. The equity provided by the CDFC along with the debt available through the Commonwealth's new mortgage insurance program will leverage additional financing for businesses in Massachusetts.

The Community Development Finance Corporation will be financed through a \$10 million "investment" by the State. This public corporation will then make project by project investments in businesses through local civic organizations. When a business becomes successful and generates revenues, it will pay off investments made by the CDFC.

Private companies, with sound business plans in need of front end financing, which are starting or expanding in high unemployment areas are eligible to apply through any licensed, not-for-profit Community Development Corporation, Industrial Development Finance Authority, Economic Development and Industrial Corporation or Local Development Corporation. All of these organizations must have "public purpose" definitions which meet the tests of the State Supreme Court and the standards established in the Act.

It is estimated that CDFC will generate \$30 million in additional private financing, and in its first 10 years of operation provide Massachusetts with \$40 million in increased tax revenues and decreased unemployment costs.

CDFC is not yet operational; however, State funding could enable CDFC to commence activity by early 1977.

Assumed Financial Statement of Multi-State Manufacturing Corporation with Expansion (Optional)

Existing Corporation	Taxable Year 1976
Massachusetts Shares:	
Net income before state taxes	\$ 1,600,000
Inventories	\$ 3,300,000
Land	\$ 900,000
Building	\$ 700,000
Machinery and equipment	\$ 1,400,000
Net sales/or revenues	\$20,100,000
Payroll	\$ 5,500,000
Employees	550
Tax Liability:	
Income: 9.5% of \$1.6 million =	\$ 152,000
Property: \$2.60/\$1,000 of \$4.7 million =	\$ 12,220
Total Massachusetts Tax Liability:	\$ 164,220
Expansion or new corporation	
Net income before state taxes	\$ 950,000
Inventories	\$ 2,000,000
Land	\$ 200,000
Building	\$ 800,000
Machinery and equipment	\$ 1,000,000
Net sales/or revenues	\$12,100,000
Payroll	\$ 3,000,000
Employees	300
Tax Liability:	
Income: 9.5% of \$950,000 =	\$ 90,250
Property: \$2.60/\$1,000 of \$3,000,000 =	\$ 7,800
Total Massachusetts Tax Liability:	\$ 98,050
Combined Total Tax Liability for Multi-State Corporation with Expansion	
Massachusetts Corporation	
Excise Tax Liability:	\$262,270
Income:	\$242,250
Property:	\$ 20,020

Explanations and References

For your assistance in understanding terminologies as applied in Massachusetts.

Corporation Excise: This tax is levied in two parts

Property Measure: \$2.60 per \$1,000 of taxable tangible property of a tangible property corporation or of taxable net worth of an intangible property corporation.

Income Measure: 9.5% on taxable net income.

Formula for Phase-out of Property Measure (in effect for 1970 to 1975).

$(\$ \text{ excess in corporation excise revenues} \times 877) \div \text{taxable tangible property} = \$ \text{ reduction of rate.}$

Factor Allocation Formula (generally known as “Massachusetts Formula”).

This formula is used to allocate a share of the corporation’s total taxable net income to Massachusetts and resembles the following:

Taxable year 1976: Massachusetts share of net income equals

$$\left[\frac{\text{average value of property in Mass.}}{\text{average value of all property}} + \left(1.5 \times \frac{\text{Mass. sales}}{\text{total sales}} \right) + \frac{\text{Mass. payroll}}{\text{total payroll}} \right] \div 3.5$$

Taxable year 1977 and thereafter: Massachusetts share of net income equals

$$\left[\frac{\text{average value of property in Mass.}}{\text{average value of all property}} + \left(2 \times \frac{\text{Mass. sales}}{\text{total sales}} \right) + \frac{\text{Mass. payroll}}{\text{total payroll}} \right] \div 4$$

Taxable Year: Taxable year ending on or after December 31st of any given year and before December 31st following.

Minimum Tax Liability of \$228: If total credits reduce tax liability below the minimum, the corporation’s tax liability will be \$228.

No Carry Forward, Carry Back of Tax Credits: Tax credits can only be used against tax liability in the taxable year in which such credits accrue.

Domestic Business Corporation: Any business or professional corporation organized under the laws of Massachusetts, except agricultural and other cooperative corporations.

Foreign Corporation: Any corporation formed under the laws of another jurisdiction for the same purposes as a domestic business or professional corporation engaged in business in Massachusetts.

Manufacturing Corporation: Any corporation subject to the business corporation law but engaged in manufacturing. Corporations are classified annually by the Commissioner of Corporations or Taxation as either business or manufacturing corporations.

Research and Development Corporation: A domestic research and development corporation is one whose principal activity during the taxable year is R&D and who derives more than ⅓ of its receipts from R&D activities and derives more than ⅓ of its receipts from R&D of tangible personal property capable of being manufactured in this Commonwealth.

Tangible Property Corporation: A corporation, the value of whose Massachusetts tangible property not subject to local taxation is 10% or more of the value of its total Massachusetts assets.

Intangible Property Corporation: A corporation, the value of whose Massachusetts tangible property not subject to local taxation is less than 10% of the value of its total Massachusetts assets.

Incentive

Massachusetts General Laws Reference

3% Investment Tax Credit

Chp. 63, Section 31A, as amended by St. 1973, c. 752, section 11.

–inclusion of lease & rental property

Chp. 63, Section 31A, as amended by St. 1973, c. 752, section 3.

Phase-out of Tangible Property Tax

Chp. 63, Section 31B, as amended by St. 1975, c. 684, section 46.

Local Property Tax Exemption

–Tangible Property

Chp. 59, Section 5, clause 16.

–Pollution Abatement Facilities

Chp. 59, Section 5, clause 44.

Payroll Factor Incentive

Chp. 63, Section 38, as amended by St. 1973, c. 752, section 6.

–factor formula

Chp. 63, Section 38, as amended by St. 1975, c. 684, sections 49 and 95.

Sales Tax Exemption of Machinery

Chp. 64H

Loss Carry-over for New Corporations

Chp. 63, Section 30, paragraph 5, as amended by St. 1973, c. 752, section 1.

Employment Opportunity Incentive

Chp. 63, Section 31C, as amended by St. 1973, c. 791.

Urban Job Incentive

–definition of eligibility

Chp. 23B, Section 11.

–property credit

Chp. 63, Section 38E.

–net income deduction

Chp. 63, Section 38F.

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